

REGULAR BOARD OF TRUSTEES MEETING MINUTES

Tuesday, March 28, 2006

Don Bennett called the meeting to order at 10:00 a.m. Other Board members present included Kevin Boehnlein, Karen Davis and Chuck Schalliol.

TRF staff present included Cristy Wheeler, Bob Newland, Tom Abbett, Crystal Lawson, Phil Barnes, Tom Davidson, Amy Maynard, Dave Yeater and Shelley Horner. Also in attendance were Ken Brunke of Callan Associates, Tony Armstrong and Greg Strack of the Budget Agency and Steve Moberly of IRTA.

The Agenda was presented.

Kevin Boehnlein moved to approve the agenda. Chuck Schalliol seconded the motion. The motion carried.

The minutes of the February 28, 2006 meeting were presented.

Chuck Schalliol moved to approve the minutes. Kevin Boehnlein seconded the motion. The motion carried.

Shelley Horner presented retiree payments for the month of April 2006.

Chuck Schalliol moved to accept the payments. Kevin Boehnlein seconded the motion. The motion carried.

Tom Abbett presented the expenditures for the month of February 2006.

Cristy Wheeler discussed the Director's report. She presented severance packages for two positions which were eliminated. Data Entry severance of \$2,346.02 and IT severance of \$8,118.56.

Chuck Schalliol moved to approve the severance packages noted above. Kevin Boehnlein seconded the motion. The motion carried.

Tom Abbett reported on the transfer of funds from the Pension Stabilization Fund (PSF) to the New 96' Fund. Gabriel, Roeder, Smith and Company (GRS) recommended \$715 Million be transferred. This amount would meet the statutory requirement for a transfer of funds for those who migrated from the old Pre 96' Fund to the New 96' Fund. Staff, OMB and GRS are comfortable with this transfer amount.

Chuck Schalliol moved to approve the transfer \$715 Million from the Pension Stabilization Fund (PSF) to the New 96' Fund. Kevin Boehnlein seconded the motion. The motion carried. The resolution was signed.

Cristy Wheeler and Tom Abbett discussed setting the Employer Rate at 7%. The board asked for a definition of compensation. Tom Davidson responded this was set defined by Indiana Code, which defines it as basic salary paid under contract.

Chuck Schalliol moved to approve the employer rate be set at 7% based on the recommendation of GRS as the appropriate amount for proper finding of the New 96' Fund for the 1997 fiscal year. Karen Davis seconded the motion. The motion carried. The resolution was signed.

Cristy Wheeler spoke of the dissolution of IPSI's corporate entity. IPSI will remain the same; however will now report to Indiana Office of Technology (IOT).

Chuck Schalliol moved to approve the dissolution of IPSI's corporate entity. Kevin Boehnlein seconded the motion. The motion carried. The resolution was signed.

Tom Davidson updated the Board on Dr. Long's appeal for military service credit. Dr. Long has requested an Administrative Hearing to be held on April 11, 2006.

Cristy Wheeler noted to the Board that the COLA bill did pass and was signed in March 20, 2006.

Bob Newland presented the Investment Report. Karen Harris and Greg DeForest from Callan Associates joined by phone conference. They analyzed the current Guaranteed Fund, alternative options, Investment philosophy for DC investment structures, stable value impact, and evaluated alternative strategies. Current Guaranteed Fund rate is 6%. After discussion, the staff recommended 5.5%, calculated from the existing formula for calculation of the Guaranteed Fund except that the look-back period will be based on calendar years vs. fiscal years.

Chuck Schalliol moved to accept the recommendation of 5.5% for the new Guaranteed Fund rate from July 1, 2006 – June 30, 2007. Kevin Boehnlein seconded the motion. The motion ended.

Bob Newland introduced Gary Robertson of Callan Associates via conference call to discuss Private Equity Asset Allocation. Gary discussed pros and cons rationale for Private Equity, sources for partnership, institutional participants, different types of strategies, historical performance and issues and challenges in Private Equity.

Bob Newland reviewed the Investment Policy Statement pages 22-33. Under guidelines for custodian it was suggested to note our current custodian, Northern Trust. In the Proxy voting section, define this section to clarify who is responsible for Proxy voting. The Board asked Bob Newland to put all of the changes together into a final draft for review at the next Board meeting.

The next meeting was scheduled for April 24, 2006 at 10:00 a.m. The May meeting was tentatively set for May 30, 2006.

Kevin Boehnlein moved to approve adjournment. Chuck Schalliol seconded the motion. The motion carried. There being no additional business, the meeting adjourned at 12:00 p.m.